

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 PA-01 PRS-01 L-03 H-01 AGRE-00
SP-02 AID-05 EB-08 TRSE-00 SS-15 STR-05 OMB-01
CEA-01 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00
XMB-02 OPIC-03 LAB-04 SIL-01 USIE-00 SSO-00
INRE-00 NSCE-00 /076 W
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O 230605Z DEC 77
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC IMMEDIATE 3812

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E.O. 11652: N/A
TAGS: PINT, ETRD, JA
SUBJECT: AGRICULTURAL IMPORTS AS KEY ISSUE IN TRADE TALKS

REF: (A) STATE 303508, (B) 19658

1. SUMMARY: U.S. REQUESTS ON AGRICULTURAL ITEMS IN TRADE PACKAGE ARE RECEIVING HIGH LEVEL POLITICAL ATTENTION AMIDST RISING TIDE OF CONCERN FROM DOMESTIC AGRICULTURAL INTERESTS. MANY JAPANESE FEEL LATEST U.S. DEMANDS ARE EXCESSIVE BY ANY STANDARDS. FOCUS OF WHOLE U.S. PACKAGE HAS NOW SHIFTED TO THIS ISSUE. OFFICIALS GOJ REACTION EXPECTED MIDDLE OF NEXT WEEK. EMBASSY REQUESTS DATA PROMPTLY IF WE ARE TO INFLUENCE REACTION. END SUMMARY.

2. RESPONDING TO OUR REQUESTS ON BEEF, ORANGES AND ORANGE JUICE SEEMS TO BE CAUSING GOJ THE MOST INTENSE POLITICAL PAIN OF ANY OF OUR PROPOSALS. WE REPORTED SEPARATELY ON FORMATION OF DIET BEEF CAUCUS (A LA U.S. STEEL CAUCUS) TO DEFEND JAPANESE AGRICULTURE AGAINST FOREIGNERS' DEMANDS (REF. B). BUMPER MIKAN CROP MAKES SITUATION EVEN MORE VOLATILE.

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3. MOST OF JAPANESE ARGUMENTS ARE FAMILIAR TO WASHINGTON BUT WE REPEAT THEM HERE SO WASHINGTON AGENCIES CAN REBUT THEM IN CONVERSATIONS WITH JAPANESE IN U.S. AND PROVIDE US WITH EFFECTIVE ARGUMENTATION FOR OUR USE HERE. WE HAVE BEEN STRESSING POLITICAL IMPORTANCE OF PUBLIC CONCESSIONS IN AGRICULTURAL AREA AND NEED TO BUILD ON JAPANESE

PRESENT STRENGTH OF SUPPORT FROM MANY AREAS OF U.S. AGRICULTURE.

4. WE BELIEVE SPECIAL EFFORT SHOULD BE UNDERTAKEN TO MAKE SURE JAPANESE EMBASSY STAFF ESPECIALLY AGRICULTURAL ATTACHE GETS COORDINATED U.S. POSITION WITH FULL EXPLANATION OF OUR ECONOMIC AND POLITICAL STANCES. CLEAR USDA AND CONGRESSIONAL SUPPORT FOR OUR POSITION WOULD BE MOST HELPFUL.

5. ON HOTEL BEEF, JAPANESE HAVE TRADITIONALLY SOLD IDEA OF SPECIAL QUOTA ON HIGH QUALITY BEEF TO LOCAL GROWERS USING ARGUMENT THAT IT CATERS TO DISTINCTIVE PALATES OF THOSE FOREIGNERS WHO PATRONIZE LUXURY HOTELS WHILE THEIR JAPANESE FRIENDS AT TABLE EAT RAW FISH AND SOYBEAN CURD. THEY HAVE SAID IN PAST THAT TOTAL DEMAND FOR SUCH BEEF IS ONLY ABOUT 5,000 TONS. THUS RISE TO 10,000 TONS CAUSES GREAT PAIN. SOME ALSO CITED U.S. SOURCES IN GENEVA AS DESCRIBING U.S. DEMAND AS NO LARGER THAN 5,000 TONS. WE HAVE TRIED TO ARGUE THAT 10,000 TONS FOR RESTRICTED MARKET IS MINOR FACTOR IN TOTAL BEEF CONSUMPTION OF NEARLY 500,000 TONS, BUT GROWERS AND OTHERS RELATED TO INDUSTRY SEE OUR "DEMANDS" AS OPENING WEDGE THAT WILL DESTROY THEM.

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6. ON ORANGES, MIKAN GROWERS AND THEIR SUPPORTERS IN DIET HAVE TRADITIONALLY SEEN ANY FOREIGN FRUIT AS THEIR DEATH KNEEL. IN THIS YEAR OF BUMPER SURPLUS CROP THEY ARE PARTICULARLY SENSITIVE. THEY ARGUE THAT U.S. ORANGES CAN BE STORED FOR UP TO FOUR MONTHS, THAT STORAGE FACILITIES WILL BE RAPIDLY DEVELOPED SINCE HIGH VALUE U.S. PRODUCT MAKES IT FEASIBLE. THUS MIKAN SALES WILL BE MOST DISASTROUSLY AFFECTED.

7. ON ORANGE JUICE CONCENTRATE, JAPANESE ARGUE THAT 50,000 TONS IS UNBEARABLY LARGE QUANTITY WITH EXCESSIVE SUPPLY FOR WHICH THERE IS AT THIS TIME WEAK DEMAND. THEY ALSO NOTE U.S. FLORIDA GROWERS HAVE ONLY LIMITED QUANTITIES FOR SALE THIS YEAR.

8. GOJ RESPONSE TO OUR AGRICULTURAL REQUESTS WILL BE FINALIZED DURING THE DAY OF DEC. 26. (SEE OUR TELEGRAM ON TIMING) ANY INPUTS FROM US THAT MIGHT AFFECT THEIR DECISION SHOULD BE IN OUR HANDS BEFORE 11:00 A.M. TOKYO TIME SATURDAY DEC. 24. EMBASSY BELIEVES USG SHOULD DECIDE WHETHER TO

STAND FIRM ON PRESENT DEMANDS THROUGH DEC. 26 OR TO MOVE INTO A FALL BACK POSITION. IF WE PLAN TO STAND FIRM, THERE WILL BE LEAKS AND PRESS WILL PLAY THEM UP AS A HEAD-ON CONFRONTATION ON THESE ISSUES ALONE. THUS FOR A FEW DAYS AT LEAST, ENTIRE FOCUS OF DISCUSSIONS OF THE PAST FOUR MONTHS WILL SHIFT TO THESE ISSUES ALONE. WE CAN OF COURSE FALL BACK LATER IN THE WEEK AND TAKE SOME CREDIT FOR RECOGNIZING POLITICAL DIFFICULTIES OF MEETING OUR FULL REQUESTS.

9. EMBASSY VIEWS OF POSSIBLE FALL BACK POSITIONS ARE AS FOLLOWS:

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(A) BEEF - SPLIT THE DIFFERENCE BETWEEN FIVE AND TEN THOUSAND TONS.

(B) ORANGES - AGREE TO SOME QUANTITATIVE LIMIT ON A SEASONAL QUOTA IN ADDITION TO PRESENT YEAR-ROUND QUOTA; PERHAPS 25,000 TONS; STRESS U.S. INDUSTRY'S INTENT NOT TO DISRUPT MARKET AND TO TEST MARKET CAREFULLY IN FIRST YEAR.

(C) ORANGE JUICE CONCENTRATE - FIGURE OF 50,000 TONS SEEMS TO EMBASSY UNREALISTICALLY HIGH CONSIDERING PAST QUOTA LEVELS AND MARKET CONDITIONS. BELIEVE WE SHOULD BE PREPARED ACCEPT MUCH LOWER LEVEL DEFINED ALSO TO INCLUDE GRAPEFRUIT JUICE, WHICH IS LESS SENSITIVE, AND FOR WHICH THERE IS SOME DEMAND.
MANSFIELD

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